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ABSTRACT

This is the second in a set of 36 teacher guides to the Entrepreneurship Training modules and accompanies CE 031 032. Its purpose is to give students some idea of what it is like to own and operate a farm equipment repair business. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Farm Equipment Business; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study, responses to individual activities, responses to discussion questions, and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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Entrepreneurship Training Components

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GETTING DOWN TO BUSINESS:

Farm Equipment Repair

Module 2

Teacher Guide

CE031033

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GETTING DOWN TO BUSINESS:

Farm Equipment Repair

Susan McBain

May 1981

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TABLE OF CONTENTS

Overview 1

Suggested Steps for Module Use 4

Introduction 4

Unit 1 5

Unit 2 6

Unit 3 7

Unit 4 10

Unit 5 12

Unit 6 13

Unit 7 15

Unit 8 16

Unit 9 18

Summary 20

Quiz 20

Suggested Readings 25

Goals and Objectives 26

OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a farm equipment repair business. Students will have an opportunity to learn about the kinds of activities and decisions a farm equipment repair business owner is involved in every day. While the module is not a complete "how-to" manual, the individual activities will provide your class with the chance to practice many of these activities and decisions.

Today, owners of small businesses face many problems--some minor, some not so easily taken care of. These problems are reflections of the changes our society is going through. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give students an opportunity to explore possible solutions.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit the farm equipment repair business specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a business owner in the field.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (10-15 minutes)

I. In introducing this module you will probably want to find out what students already know about the farm equipment repair business.

- Ask what repair services they know about (most will probably be part of farm equipment dealerships).
- Ask if they know about any small independent repair shops.
- Ask them what they think the advantages of owning your own small repair shop might be.
- Ask them what disadvantages they see.

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities farm equipment repair business owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Farm Equipment Repair Business (1 class period)

I. Case Study: Juan and Jose Gomez are thinking of opening a farm equipment repair business. They think about their personal characteristics and investigate the options and requirements for this business.

Text: Personal Qualities
Services, Customers, and Competition
Special Services
Checkups
Special Guarantees
Special Business Image
Legal Requirements

Optional Points to Present:

- Repair service ownership requires two kinds of skills--vocational skills and business skills.
- Small business owners work very hard because the responsibility for success or failure of the business is all theirs.
- You may want to discuss here that more than 50% of all small businesses go out of business within two years.

II. Responses to Individual Activities

1. Business operator's license and state tax agency permit.
2. There are no correct answers. Discuss with students how important each point is to being a small business owner.
3. Answers should fit your area.
4. Any reasonable answers are okay; even better, students may come up with good, original ideas.

III. Responses to Discussion Questions

1. Generally, large agri-business areas are better suited to large business operations with lots of working capital. Large farms often use sophisticated and specialized equipment that the average mechanic could not work on without special training.
2. They preferred the satisfaction of doing their own work to the security of being employees or even to a good salary. This is a good place to discuss the non-monetary rewards of small business ownership.
3. Discuss here bankruptcy proceedings, problems with unpaid creditors, etc.

IV. Group Activity

The purpose of this activity is to give students a first-hand feel for repair service ownership or, at least, management. An enthusiastic speaker is the best choice, whether owner or manager. Be sure the speaker knows the kind of questions he or she should address at least a week before the presentation, since the focus is on management activities and requirements, and the speaker may find this a little different from the usual class presentation.

You will probably want to allow questions and answers after the presentation. You may also want to have a brief discussion of what the class thought about the presentation after it's over. Of course, it is important that the speaker receive a thank-you letter.

Unit 2 - Choosing a Location (1 class period)

I. Case Study: The Gomez brothers consider whether their area is right for a small farm equipment repair business. They ask potential customers about their needs. Then they choose a shop location from two possibilities.

Text: Picking an Area
Picking a Spot
Size
Location
Equipment
The Shape It's In
What It Costs

Optional Points to Present:

- "Location" means two things: area of the country and spot in the community.
- The area of the country must have enough customers for the service, which probably means enough small farms. Remind students of the discussion question in the last unit.
- You might want to name the equipment dealer association in your area and any other groups you think are important.

II. Responses to Individual Activities

1. Talk to an official business group, like an equipment dealer association, or talk to a city or county agency.
2. Answers should fit your area.
3. Work space, storage space, office space.

4. $1,500 x 12 months x 3 years = $54,000
   Cost of equipment = 32,000
   Total = $86,000

   The place in town would have cost:

   $1,800 x 12 months x 3 years = $64,800.

   They would have spent less. But the place in town didn't have enough space to justify their choosing it in the first place.

5. To be far from competition
   To be noticed by people going by
   To be close to customers

III. Responses to Discussion Questions

1. If you have reason to think your business might "catch the overflow" from another, it could be good to be close to your competition. For example, if a dealer's shop is always backlogged, you might benefit. For some kinds of businesses that sell consumer products, like car dealers, it is better to be close to competition because people like to shop around.

2. A new highway might take all the traffic off the county road. New houses might be planned all around them. New zoning might prohibit repair shops in the near future.

3. You have to make the best estimate you can of your expected income and expenses. This involves deciding on a price for your services, discussed later in the module.

IV. Group Activity

The purpose of this activity is to give students the opportunity to evaluate the locations of real-life farm equipment repair businesses. In doing so, they will be applying what they learned in this unit.

First, students visit farm equipment repair business locations to evaluate their suitability. Second, students ask the owners why they picked those locations. Students can then compare their own assessments of the locations with the owners' assessments.

Unit 3 - Getting Money to Start (1 class period)

I. Case Study: Juan and Jose add up their expected business expenses over their first three months of operation. They use their savings, borrowed money, and invested money for equity capital. Then they fill out a bank loan application.

Text: Description of Your Business
Kind of Business and Service Provided
Location
Competition
Customers
Plans for Success
Statement of Financial Need
Starting Expenses
Money on Hand

Optional Points to Present:

- Estimates of expenses involve a lot of information gathering, from suppliers, sellers of equipment, insurance agents, advertisers, etc. This takes time, usually several days or weeks, since you'll want to shop around for the best prices.

- A business description has to sell the business idea to the lender, yet remain truthful and not exaggerated. Lenders have experience and know what reasonable ideas and expenses are. If you overdo it you may lose the loan.

- There are many sources of information on writing resumes. Your counseling or work experience office probably has several.

II. Responses to Individual Activities

1. Local financial institutions, like banks. The Small Business Administration.

2. The description should "sell" the idea while remaining truthful. It should include: (1) kind of business and service provided; (2) location; (3) competition; (4) customers; and (5) plans for success.

3. Starting expenses, money on hand, loan needed.

4.

STATEMENT OF FINANCIAL NEED

Starting Expenses		Money on Hand	
Salaries	$ 6,000		
Building Expenses	6,000		
Repairs and Renovations	10,000	Cash on Hand	$10,000
Equipment and Furniture	15,300	Gifts or Personal Loans	5,000
Parts	20,000	Investment by Others	
Supplies	2,000	TOTAL	$15,000
Advertising	200		
Other	500		
TOTAL	$60,000		

TOTAL STARTING EXPENSES	$60,000
TOTAL MONEY ON HAND	15,000
TOTAL LOAN MONEY NEEDED	$45,000

III. Responses to Discussion Questions

1. He has not put up enough money. Banks will not take a risk when they stand to lose a lot of money if things go wrong but the owner stands to lose only a little.

2. He has not made a realistic commitment to making the business succeed. The banker will know that the odds are strongly against a business owner who does not have a real grasp of the vocational and business skills and hard work needed to make a business succeed.

IV. Group Activity

The class will break into teams, with each team doing some research on costs. For example, one team could talk to an insurance agent to find the cost of insurance. Another could talk to a parts supply shop owner, and so on.

The purpose of this activity is to have students get a realistic idea of costs in your area. People interviewed will probably mention many specific costs not mentioned in this module, and this too will be useful to students.

Unit 4 - Being in Charge (1 class period)

I. Case Study: Juan and Jose decide to hire another mechanic. They write a job description, advertise for applicants, and screen them before hiring one.

Text: Dividing the Work
- Kind of Work
- Place of Work
- Level of Work

Hiring a Worker

Optional Points to Present:

- Being an employer means taking on both financial and personal responsibility for an employee. The text does not cover such things as employee benefits, payroll taxes, and W-4/W-2 forms, but you may wish to mention these.

- You might want to talk about employer-employee relations and different management styles, such as "participatory management," in which employees have a say in the way they do their jobs.

II. Responses to Individual Activities

1. (a) By kind of work. This is good because each person specializes in one kind of work and becomes very efficient. It is bad because it is not too flexible. If Juan gets sick, Jose can't take over for him.

   (b) By place of work. It is good because it is flexible. Whether farmers want repairs done in the field or in the shop, someone is there to do them. It is "bad" only in that both mechanics must be trained to do everything.

   (c) By level of work. This is good if there is plenty of simpler work to do, like stocking parts. Also, the person hired doesn't need to be highly trained. It is bad because it limits flexibility; only the mechanic can do repairs.

2. Anything students find that is pertinent is acceptable. You can also have them look at trade journals if you wish.

3. Any general business and repair skill is appropriate here. For example: "repair equipment, hire workers, plan advertising, keep customer accounts, do bookkeeping," and similar answers are good.

4. (a) Write a job description--This step is important because before you start hiring, you must have a clear picture of

what jobs you need filled and what kinds of people you need to fill them.

(b) Advertise the position--Clearly describe exactly the qualifications you want in your employees.

(c) Look at applicant's training and experience--Here you are trying to match employees with tasks they like and do well.

(d) Interview applicants--Be interested in your applicants as people.

(5) Check references--By talking with previous employers, you may obtain information that could affect your decision to hire or not to hire a particular applicant.

5. This should include Social Security (FICA), federal withholding tax, state withholding tax (if any), unemployment insurance, and worker's compensation.

III. Responses to Discussion Questions

1. Juan and Jose have divided their work by type of work. The problem with this kind of division is that if Juan gets sick, Ann can't take over for him.

2. Good job descriptions help prevent mixups in responsibility and misunderstandings. Writing an owner's job description helps ensure that all job tasks of the business are divided, and that responsibility or authority do not land on the owners by default. This can prevent hard feelings later. Students may also have other ideas.

3. Any reasonable answer is okay: trade journals, farm journals, community bulletin board, etc.

IV. Group Activity

There are two problems here. First, Ann is clearly dissatisfied (though not because the job description wasn't accurate). Second, Juan hasn't been pleased with her work lately.

There could be several solutions: (1) Leave things as they are. (2) Ann could improve her work on small equipment, hoping that Juan will then let her work on larger jobs. (3) Juan could begin training Ann on larger equipment, hoping that her increased interest will improve her work. (4) Ann could take classes to improve her skills on her own. (5) Juan could fire Ann. Students may suggest other ways.

Principles to bring out in the discussion are: (1) Both the employee and employer must be satisfied if the business is to run smoothly; and (2) there are often ways to work out problems other

than firing if both the employer and employee are willing to look for them.

Unit 5 - Organizing the Work (1 class period)

I. Case Study: Juan and the new employee, Ann, work on repair jobs for a number of farmers. To get everything done, they have to keep track of work orders and develop a schedule for each day.

Text: Organizing the Work
Doing the Work
Checking the Work

II. Responses to Individual Activities

1.

WORK ORDER

FROM: On the Spot Repairs
1800 Country Road
Farmtown

JOB FOR: Flanagan Farm
Highway 30

DATE: July 10
WORK ORDER NUMBER: 00075
ORDER TAKEN BY: Jose
START WORK ON: July 12
TERMS OF PAYMENT: Credit

Person Doing Work	Description of Work	Parts		Labor		Total Cost	
Juan	Replace axle on combine (6 hours estimated)	150	00	180	00	330	00

Work Started July 12, 9:15	TOTAL PARTS	150 00
Work Finished July 12, 3:15	TOTAL LABOR	180 00
	TAX	7 50
	TOTAL COST	337 50

2. (a) Help them keep track of jobs
   (b) Help them plan a work schedule
   (c) Help them keep track of how long they've worked and what farmers owe them

3. Two possible answers are: (1) to be sure farmers are satisfied with the work; and (2) to try to get more jobs for the shop.

III. Responses to Discussion Questions

1. He probably didn't do jobs promptly; he may have lost some slips of paper and never done some jobs at all; he may have undercharged or overcharged farmers. Students may have other answers.

2. All jobs may not be close to one another or fairly equal in length. They could buy another truck. Students may have other answers.

3. Selling can be anything that makes customers want to keep using the business for repairs. Keeping customers satisfied is one way, and finding out if they have other jobs to do is another way.

IV. Group Activity

The purpose of this activity is to improve the students' knowledge of real business operations in your area. The purpose is not mastery of use of each form. It's merely an introduction to the importance of keeping good records of all kinds.

Unit 6 - Setting Prices (1 class period)

I. Case Study: Setting prices for a repair service involves understanding costs for materials and labor. Juan and Jose list their expenses and consider dealers' charges and demand for their service.

Text: Parts
Labor

II. Responses to Individual Activities

1.

Parts	Labor
Repair parts	Operating expenses
Repair supplies	Other supplies

(Both of these may be listed in detail, as in the case study.) Parts are charged directly to the customer, so they don't have to be paid for out of labor charges.

2. Answers should fit your area. Small shop charges will probably be less.

3. Owners' salaries
   Taxes
   Expanding business

4.

Lowest	Highest
Cost of supplies	Demand
Operating expenses	Competition
Profit needed or wanted	

   The right price lies in between these two.

5. Answers will vary.

III. Responses to Discussion Questions

1. If Juan and Jose charge the same or more than dealers, they must convince potential customers that they offer a very special, worthwhile collection of services.

2. They can charge a "flat rate" for a job. This makes estimates easy. But if a job turns out to be especially difficult, the shop could lose money.

IV. Group Activity

The purpose of this activity is to give students the opportunity to apply their learning. The activity requires them to evaluate how the factors they've studied will influence Carolyn's price-setting decisions.

The groups' responses may vary. This is fine as long as they can give reasons for their decisions. If necessary, guide students to glean this information from Carolyn's case study:

(a) Cost of supplies and workers--Carolyn plans to pay higher salaries than other repair services.

(b) Demand for services--Many customers in that location want repair service.

(c) Competition--There are currently no equipment dealers in the area.

(d) Operating expenses--Office rent and insurance are higher than Carolyn planned, but she may take only a modest salary for herself.

(e) Profit--Carolyn plans to pay her staff and other expenses, so she needs some profit.

Unit 7 - Advertising and Selling (1 class period)

I. Case Study: Juan and Jose advertise their "Grand Opening" and choose other forms of advertising.

Text: Advertising
- Who
- What
- When
- How
- Why
- How Much

Designing an Ad
- Headline
- Illustration
- Copy
- Layout
- Identification

Selling

Optional Points to Present:

It's useful to bring in advertising from different sources for students to look at before they read the unit. Listening to ads on radio or TV can help too.

II. Responses to Individual Activities

1. Answers may vary with your reasons. Probably the Yellow Pages ad is best, since it reaches the target audience more specifically.

2. Answers should fit your area.

3. Student ads should be simple, truthful, attractive, and tell the important things about Carter's Repair Service. Headline, illustration, copy, and identification should be included, and the ad should have a pleasing layout.

4. Answers should fit your area.

5. There will be various answers.

III. Responses to Discussion Questions

1. Answers should fit your area.

2. See if there are similarities among the good ads.

3. See if there are similarities among the bad ads. A bad ad can irritate customers and make them decide not to use your service. Radio and TV ads are especially sensitive because customers can't just "turn the page."

4. Yes. For example, some customers may respond to "high-pressure" ads and some may not. You have to choose the one you think will bring in the most customers. You may need to try two kinds of ads and see which works best.

IV. Group Activity

The purpose of this activity is to show students how many kinds of skills are joined together to get a business going successfully. Good advertising is important. If a business owner can't design a good ad (and very few can), he or she needs a good graphic artist. Students may also enjoy getting acquainted with another technical area, that of graphic designing and printing. If printing facilities are available, have the artist or a printer show how they work and what the products look like.

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Financial records are the basic records of any business. Jose use three: the Sales Slip, the Customer Account Form, and the Daily Cash Sheet.

Text: Cash Sales
Credit Sales
Daily Cash Sheet

Optional Points to Present:

- Most small businesses use a bookkeeper or accountant to compile records for tax purposes. The financial records that the business keeps are the basic ones, those from which the bookkeeper or accountant works.

- Some small business owners keep few records. Such businesses take a big risk if the Internal Revenue Service ever asks to see their books.

II. Responses to Individual Activities

1. (a) To know how much money is coming in and going out

(b) To report taxes

(c) To decide if you should expand your business or cut it back

2.

CUSTOMER ACCOUNT FORM

Customer: Websters

Date	Description of Sale	Amount Charged	Payment Received	Balance Due
Oct. 10	Repair potato harvester	150.00		150.00
Oct. 25			50.00	100.00
Nov. 10			50.00	50.00
Nov. 12	Repair potato harvester	80.00		130.00
Nov. 25			100.00	30.00
Dec. 10			30.00	---

3.

DAILY CASH SHEET

Cash Receipts		Cash Payments	
Cash Sales	72.00	Salaries	240.00
Credit Accounts	180.00	Building Expenses	
		Equipment and Furniture	
		Parts	250.00
		Advertising	
		Other	50.00
TOTAL CASH RECEIPTS	252.00	TOTAL CASH PAYMENTS	540.00

III. Responses to Discussion Questions

1. Not for just one day. It's what the business does over several months or a year, or even more, that matters.

2. The business can contact the customer and try to establish terms of payment. If the customer still doesn't pay, the business can withdraw credit. The business can demand payment from the customer, have a lawyer or collection agency demand payment, or sue.

3. If records are completed every day, they are more likely to be complete and accurate. Records can be updated once a week if all business workers fill in work orders, etc., very carefully and file them carefully.

IV. Group Activity

The purpose of this activity is for students to apply what they have learned in the unit. It requires them to design two financial recordkeeping forms, and to fill in sample information showing how to use the forms.

Guide the process of dividing into small groups. Encourage each group to pick a different type of farm equipment repair service. Tell students that this will make the activity more varied and interesting.

Circulate among the groups to provide assistance as needed. Make sure each group specifies its services. Answer any questions that come up as the groups design their forms. Remind them to fill in sample information to show how to use their forms. Guide any discussions that arise following the group presentation.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Case Study: The business has been operating almost three years. Jose takes a look at its performance each year and plans changes to make it more profitable.

Text: Profit and Loss Statement
Profit Ratio and Expense Ratio
Increasing Net Profits

Optional Points to Present:

- Some of the decisions business owners have to make are hard ones, such as laying off employees. But sometimes the survival of the business is at stake.

- In this unit, also, you may want to stress that there are many reasons to own a business, and money may not be the most influential one.

II. Responses to Individual Activities

1.

TWO-YEAR PROFIT/LOSS STATEMENT	Year 1		Year 2	
	$	%	$	%
Revenues	100,000	100%	120,000	100%
Cost of Goods Sold	55,000		66,000	
Gross Profit	45,000		54,000	
Expenses	33,000	33%	40,800	34%
Net Profit	12,000	12%	13,200	17%

2.

Increase Revenues
(a) Raise prices
(b) Offer new services
(c) Try to reach new customers
(d) Charge for credit

Reduce Expenses
(a) Cut back employee hours
(b) Sell new truck
(c) Buy cheaper ads or stop advertising
(d) Look for cheaper supplies
(e) Move to a cheaper building

All of these changes increase net profit.

3. Expect a variety of answers.

III. Responses to Discussion Questions

1. Pride of ownership, liking to be their own bosses. Students may think of other answers.

2. They might have thought about expanding: buying new equipment, hiring more mechanics, etc.

3. Continue efforts to increase net profits. They might have to lay off workers, raise prices, etc.

4. Yes. Cheap parts can be cheaply made. If parts don't hold up well in service, customers are likely to be unhappy. That may cost the business more than it saves.

IV. Group Activity

The purpose of this activity is to summarize the contents of the whole module. The specified units all have to do with planning the business (but not operating it), and so can be carried

out by students. Let students choose the groups they wish to work in as much as possible. If you think any of your speakers would be willing to act as resource persons for the students, set up sessions when they can be invited in.

The students can hand in a class paper or make a presentation: perhaps some of the business teachers and students in your school would like to attend a presentation. Repair shop owners might also be interested. This activity could be used as a means of developing interest in your students and perhaps finding work experience and job openings for some of them.

Summary (15-30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

The Summary section of the Student Guide covers the main points of the module. You may wish to discuss this briefly in class to remind students of major module topics.

Remind students that their participation in this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

You may want to use a wrap-up activity. If you have already given the quiz, you can go over the correct answers to reinforce learning. Or you could ask class members to talk about what they think about owning a small business and whether they will follow this option any further.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. Answers could include:

    a. Training and skills in farm and equipment repair
    b. Training and skills in business management
    c. Willingness to work hard
    d. Willingness to get jobs done
    e. Wanting to be one's own boss

    Other reasonable answers are also acceptable.

2. a

3. Answers could include:

    a. Fixing different kinds of equipment (large/small/varied)
    b. Fixing equipment at the farm or home
    c. Offering free checkups

    Other resonable answers are also acceptable.

4. a. Business operator's license
    b. Permit from state tax agency

5. Answers could include:

    a. How many customers you would have
    b. How big the space is
    c. How the location will be noticed by customers
    d. How it's equipped, or how easy it is to equip
    e. The shape it's in
    f. How much it costs

    Other reasonable answers are also acceptable.

6. b

7. The business description should include the five sections mentioned. It should also mention all the business features given. It should be accurate and, ideally, not repetitious. Mainly, it should show the reader that the idea is a good one.

8. c

9. c

10.

WORK ORDER

FROM: Henry's Repairs
1100 10th Street
Farmtown

JOB FOR: Cliff Farm
Route 6
Farmtown

DATE: June 10
WORK ORDER NUMBER: 00372
ORDER TAKEN BY: Henry
START WORK ON: June 11
TERMS OF PAYMENT: Cash

Person Doing Work	Description of Work	Parts	Labor	Total Cost
Henry	Tractor tune-up (4 hours estimated)	25 00	60 00	85 00

WORK STARTED: June 11, 9:00
WORK FINISHED: June 11, 1:00

TOTAL PARTS	25 00
TOTAL LABOR	60 00
TAX	1 25
TOTAL COST	86 25

11. One Worker (either one):
Tractor repairs, 20 miles west
Combine checkup, 25 miles west

Other Worker:
Tractor repairs, 35 miles south
Beet harvester checkup, 2 miles east

Order of jobs may be reversed.

12. b

13. b

14.

CUSTOMER ACCOUNT FORM

Customer: Runningbear Farm

Date	Description of Sale	Amount Charged	Payment Received	Balance Due
April 30	Tractor tuneup	$100		$100
May 15			$ 50	50
May 20	Tractor axle replaced	200		250
June 1			50	200
July 1			100	100

15.

DAILY CASH SHEET

Cash Receipts		Cash Payments	
Cash Sales	$ 60	Salaries	
Credit Accounts	800	Building Expenses	$500
		Equipment and Furniture	
		Parts	100
		Advertising	40
		Other	
TOTAL CASH RECEIPTS	$860	TOTAL CASH PAYMENTS	$640

16. Net profit = $15,000
    Profit ratio = 10%
    Expense ratio = 40%

17. c

18. Answers could include:

    a. do repairs in the field
    b. work on small equipment
    c. work on snow equipment in winter

    Other reasonable answers are also acceptable.

SUGGESTED READINGS

General Entrepreneurship References

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Smith, E., Broker, C. R., & Patton, R. Agricultural mechanics. Stillwater, OK: State Department of Vocational and Technical Education, 1977.

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GOALS AND OBJECTIVES

Goal 1: To help you plan a farm equipment repair business.

Objective 1: List three or more personal qualities an owner of this business might have.

Objective 2: Describe the services, customers, and competition of this business.

Objective 3: List ways to help your business "stand out" from its competition.

Objective 4: List one legal requirement for running this business.

Goal 2: To help you choose a location for a farm equipment repair business.

Objective 1: List three things to think about in deciding where to locate this business.

Objective 2: Pick the best location for this business from three choices and explain your choice.

Goal 3: To help you plan how to get money to start a farm equipment repair business.

Objective 1: Write a business description for this business.

Objective 2: Fill out a form showing how much money you need to borrow to start this business.

Goal 4: To help you learn how to plan work for the employees of a farm equipment repair business.

Objective 1: Decide how to divide the work of the business among the workers.

Objective 2: Pick the best person to hire for a job in this business.

Goal 5: To help you learn how to keep track of the work of a farm equipment repair business.

Objective 1: On a work order form, show how to write up a repair job for a customer.

Objective 2: Write a one-day work schedule for workers in this business.

Goal 6: To help you decide how to set prices for a farm equipment repair business.

Objective 1: Pick the best price for one of the services of this business.

Goal 7: To help you learn ways to advertise and sell the services of a farm equipment repair business.

Objective 1: Pick one way to advertise this business.

Objective 2: Design a printed ad for this business.

Goal 8: To help you learn how to keep financial records for a farm equipment repair business.

Objective 1: Fill out a customer account form for a customer.

Objective 2: Fill out a daily cash sheet for money received and paid out in one day.

Goal 9: To help you learn how to keep a farm equipment repair business successful.

Objective 1: Figure out the net profit, profit ratio, and expense ratio for this business.

Objective 2: State one way this business could increase its profits.

Objective 3: State one way this business could change its services to increase sales.

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